



# Arizona Electric Power Cooperative, Inc.

November 27, 2002

3525 N. US Highway 191 S. • Cochise, AZ 85606 • Phone 520-384-4256

Mr. J. Tyler Carlson  
Western Area Power Administration  
Desert Southwest Regional Manager  
P.O. Box 6457  
Phoenix, AZ 85005-6457

Dear Mr. Carlson:

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In response to the August 8, 2002 Notice of Proposal, published in the Federal Register, Arizona Electric Power Cooperative, Inc. (AEPCO) submits the following comments on the Western Area Power Administration (Western) proposal to apply the Power Marketing Initiative (PMI) to the long-term firm power contracts of the Parker-Davis (P-D) Project.

AEPCO supports the Extension of Electric Power Resource Commitments by Application of the Energy Planning and Management Program Power Marketing Initiative as published in the August 8, 2002 Federal Register.

AEPCO also supports setting aside 6% of the P-D resource for a resource pool for allocation to new contractors and extending the contracts for an additional 20-year period to the existing contractors. However, AEPCO does not believe implementing a 6% pro-rata reduction to all customers is the only methodology to obtain the 6% pool. AEPCO would recommend that Western first review its existing contracts with each customer to determine the justification for the contract amount for that customer. If Western determines that all existing contract amounts are justifiable, then the 6% pro-rata reduction to all customers should be implemented. If Western determines that some existing contract amounts are not justifiable, then Western should reduce such contracts, adding the reductions to the 6% pool. If the reductions are not enough to obtain a 6% pool, Western should determine the remaining amount of resources needed to obtain the 6% pool and should then implement a pro-rata reduction to all customers to obtain the remaining needed resources.

AEPCO would like to thank Western for the opportunity to offer written comments on this issue.

Sincerely,

Mark W. Schwartz  
Senior V.P. and Chief Operating Officer

c/D. Kimball  
L. Huff  
P. Cooper  
W. Bray  
Corporate Records

